



An analysis of individual financial practices of rural vendors in the Sonitpur district of Assam

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Abstract

The strength of an economy lies on its capacity to maintain sustainable and better livelihood through the creation of income opportunities. Self-employment and absorption of labour in the informal and unorganized sector is one of the features of the economy of India. Significant portion of the workforce earn their livelihood from these segment and hence, the role of the sector cannot be underestimated. This paper tries to analyse the individual financial management practices of vendors particularly operating in the rural areas of Sonitpur district of Assam. The study is based on primary and secondary data. It was observed that street vendors are having fund management skills without any high level of formal financial literacy. However, there are scopes for spreading and enhancing formal financial literacy among the vendors.

Keywords: Vendors, rural, financial management

Introduction

The growth and stability of an economy relies on its capacity to uphold employment opportunities through the creation of income opportunities. Notwithstanding the global economic challenges, India's economy is maintaining its growth in the last few years. Although the nation has experienced substantial economic growth over the years but widespread self-employment, low wage are some of the factors still prevalent in the economy. Unorganized sector engages a substantial portion of workforce in India. This sector crucially contributes towards employment and income generation of the workforce. This sector also has certain special features including, lesser formal regulations, small and unorganized activities etc. They earn their livelihood and maintain their families from the income acquired from vending. The informal economy includes all economic activities carried out by workers and economic entities that are either not regulated by formal systems of the country or are inadequately covered by them. Thus inadequate inclusion sometimes brings threats as well as challenges for the vendors. All unregistered private owned businesses run by individuals and engaged in the production as well as sale of goods and services, employing less than ten workers are considered under this. The vendors choose this livelihood mostly because of lack of alternate source of income. However, they play a very crucial role in an economy by supplying goods at affordable price and easy access. This paper describes the individual financial management practice of the street vendors.

Review of literature

Street vendors are individuals mostly undertaken vending as a means of living under compulsion. There are certain positive aspects that lead to the growth of the street vending. These include easy formation, minimal maintenance cost, faster growth, lesser legal formalities etc. However, people undertake this activity due to rural-urban migration, economic challenges including poverty and unemployment (Dendukuri, 2014) [2]. Tung (2023) [8] stated that vendors are having their bank account, although they operate quite less due to the use of different apps. Gender-wise financial differences were also observed and stated that men are more

financially strapped than women. Urban street vendors adjacent to financial institutions are more connected than the street vendors of rural areas. Khan and Bhandari (2022) [4] stated that street vendors depend mainly on informal sources of finance for their economic activities as well as for their personal and emergency requirements. Levels of education, type of business, income have significant association with the levels of financial inclusion. However, age group and type of business fail to establish an association with levels of financial inclusion. Sheik and Sareswathy (2016) stated that street vending is primarily lead by married male having low level of literacy. Street vendors have started their business based on self-motivation as well as self-interest with minimum capital investment from own source. Futuristic approach and formation of business plan is another positive aspect among street vendors observed by researchers. Baisakhi *et al.*, (2024) stated that financial literacy significant impacts on the productivity level of the vendors. Financial literacy has ensures accessibility and usage of available financial products and services among the vendors. Financially capable vendors are able to handle their funds, makes able financial decisions on their own. Rahul and Dhamotharan (2014) [7] street vendors plays a significant role in the economy by complementing the formal markets and supermarkets. Besides, they perform a crucial role by providing services to the urban and rural population more particularly the economically weaker segment. 35 per cent of the street vendors are found illiterate in the study. Literacy, health and hygiene, social security issues of vendors need to be considered by the concerned policy makers as stated by the author. Malarvizhi & Revathy (2012) stated that street vending is a crucial source of livelihood in Tamil Nadu. Poverty is the foremost reason for choosing street vending as prime earning activity. Joblessness, insufficient income, lack of support from family, Illiteracy, lack of skill to adopt other jobs are the factors that impacted the adoption of vending as means of livelihood. Konwar (2015) [5] stated that inaccessibility of financial services in formal financial institutions is one of the prime issues. Lack of financial literacy, lack of awareness about formal financial services, insufficiency of

income hinder the street vendors in approaching banks and thus the money lenders become the second-preferred source at the time of the requirement. Borah (2018) [1] stated that poverty and lack of employment opportunities in the rural areas drive people to towns for work and livelihood which has impacted vending. The region is experiencing substantial increase in the number of street vendors. Low skills and lack of education required for the better paid jobs in the organized sector are some of the factors that influence the individual to take vending as livelihood.

Objectives

To study the financial management practices of street vendors in Sonitpur district of Assam.

Methodology

The research carried out is quantitative and qualitative in nature. Non probabilistic convenience sampling was used in the selection of the street vendors. 100 vendors across five different groups were selected for the study. Primary data was collected through a schedule containing both close ended and open ended questions. The collected data was analysed with the help of percentage analysis. The findings of the study are limited to the street vendors of Sonitpur district of Assam only and for other kind of shops and cannot be generalized for other regions.

Analysis and discussion

Gender-wise analysis of the respondents revealed that 78% of the street vendors are male. Only 22% of the respondents are female. Analysis of age distribution reveals that majority of the respondents (46 %) belongs to the age group 18 to 30, followed by 25 % in the age group 30 to 40. On the basis of nature or item of vending respondents were equally drawn from five segments such as vegetables, fruits, fish and meat, stationary and meat etc. Marital status of the respondents revealed that 82% of the respondents are married. Regarding the formal literacy it is observed that 53% percent of the respondents having their formal literacy up to 8th standard. Followed by 26 % completed formal literacy up to 10th standard. 44% of the respondents earn an amount of profit up to Rs. 10,000, followed by 23 % earning between Rs. 10,001 to 20,000. Only 10% earn profit between Rs.30,001 to Rs. 40,000. A large majority of street vendors, 70%, use G Pay for transactions. This indicates that G Pay is the most popular and widely accepted digital payment method among the street vendors. 20% of respondents use PhonePe, making it the second most popular payment method.

While enquiring financial management aspects of the vendor 72 %t responded that they analyse the positive and negative aspects before making a financial decision. 48 % revealed that they consult their friends and family members while making financial decision. 80% of the respondents revealed that savings from income are more important than spending. This is to meet unpredictable situation they have to encounter in day to day business operation. 100% of the respondents revealed that saving is foremost important for them. 68% of the respondents revealed that, they always think of reducing their expenditure. However, only 52% thinks about increasing their earning and only 22% thinks about enhancing their investment.

Regarding access and availability of financial information and services it was observed that, 40% of the respondents believe that, they have easy access of financial information. Only 28 % of the respondents revealed that banking

institution are easily approachable for them. This implies scope for enhancing approachability of formal financial institutions. Only 38% of the respondents revealed that, banks provide adequate information to them. 100% of the respondents revealed that ATM facilities are available in convenient locations. They also agreed that locations of banks are convenient for them. However they rarely visit banks physically for financial transactions. While enquiring about availing formal financial literacy it is reported by 92 % of the respondents that they have not availed any formal training on financial literacy. 82 % of the respondents review their financial expenditure on daily basis, reflecting a high degree of attentiveness and proactive financial management. The predominant method for tracking financial records is pen and paper, showing a strong preference for traditional methods.

Conclusion

In analyzing the various facets of individual financial management it was observed that vendors have basic financial management skills and awareness. Although they have not availed formal financial literacy training, but due to continues operations and individual experiences they are quite familiar with the basic financial management practices such as financial planning, savings, record keeping and review etc. There are scope for spreading awareness and literacy by formal financial institutions for the inclusion of these players of the unorganized markets. Enhancing financial literacy, improving access to banking services are suggestive steps towards ensuring their long-term success and stability.

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